

Indian Retailer ITC Focuses on RFID Expansion

The company's item-level RFID deployment is already yielding some significant benefits at two distribution centers and eight of its Willis Lifestyle stores.

By Rhea Wessel

Nov. 14, 2008—ITC Ltd., an Indian retailer that reported more than \$5 billion in revenue in 2007 and employs more than 29,000 workers in 20 countries, is tracking clothes and accessories from production to the point of sale. To accomplish this, the company is employing an application that uses 2 million EPC Gen 2 RFID tags per year. O.P. Bansal, divisional CIO for ITC's lifestyle retailing business division, told attendees at last week's RFID Journal LIVE! Europe conference in Prague.

The project, launched in September 2006, was fully implemented at two distribution centers and eight stores in New Delhi within 12 months. The company is now focused on expanding the application to other retail stores around India, and acquiring the hardware it requires to make better use of the tagged items by instituting RFID-based processes, such as receiving and inventorying goods at stores.

Partners in the project include Motorola and Intermec, which are providing RFID interrogators, and Zebra Technologies, which has supplied ITC with four RFID label printers. UPM Raflatac provided RFID labels containing Impinj chips. The project was implemented by IT service provider ITC Infotech, an ITC subsidiary.

ITC prints bar-coding and readable text onto the adhesive RFID labels centrally, then sends them out to hundreds of producers of clothes and accessories across India. The manufacturers attach a label to each garment's usual hangtag and ship the items to a distribution center in New Delhi or Bangalore. At the DC, the tags are interrogated in a tunnel reader affixed to a conveyor used for the receiving and shipping processes, while picking remains a bar-code-based process.

At the stores, tags are not read during receiving, since the company cannot obtain the readers it wants. The tunnel-style readers used at DCs would not be appropriate for the small space in a store's back room. Instead, the tags are read by interrogators installed under the checkout counter to speed up the sales process. Shoppers select goods and set them on the counter, where a sales terminal interrogates the items' tags and generates a bill within seconds.

One goal of the project was to reduce receiving time at the distribution centers. That's why ITC decided to ask its suppliers to tag clothes, rather than performing the tagging itself.

The company opted to tag at the source, Bansal said, because it plans to roll out the system at all stores and saw that the greatest possible time-savings could be achieved at the DC—but only if it did not perform the tagging itself. According to Bansal, the retailer experiences two prime selling seasons: one starting in December, the other in March. By moving stock to the stores faster, the company can greatly increase sales during these seasons.

"An additional week-long window for sales can have a huge impact," Bansal told attendees.

After launching the project and achieving the goal of faster receiving at its DCs, ITC implemented the system at eight stores in New Delhi, since, as Bansal put it, the company did not want to go for a "big bang" approach by using it nationwide immediately. However, the firm did want to make sure shoppers in a single city had the same experience in stores, so ITC decided to roll out the system across New Delhi at all of its Willis Lifestyle locations.

"We realized that shoppers in a single city often visit multiple outlets of the store," Bansal explained, "and ITC wanted to ensure the shopping experience was the same in each store."

The company faced several challenges during the implementation phase. It had sought "plug-and-play" solutions, but found that these were unavailable. It also determined that it must print RFID labels in continuous rolls, not individually, and sought to find a label design that was aesthetically pleasing and would fit with ITC's lifestyle image.

Because of its extensive testing, Bansal reported, the company is confident of achieving 100 percent read rates at the point of sale.

At the DC, the benefits of the application include a 70 percent reduction in the time required to receive goods, from three to four hours for a typical shipment to about 20 to 30 minutes. What's more, Bansal noted, the company has seen a decrease in the amount of manual handling to which garments are exposed, thereby resulting in a significant reduction in damage.

RELATED_ARTICLES In the stores, it now takes only three to four seconds to capture items for billing, regardless of the quantity of goods being purchased. This allows sales clerks more time to interact with customers in the selling process, rather than during checkout. The RFID system has also nearly eliminated any delays due to incorrect inventory information, Bansal said.

As soon as ITC has the handheld readers it needs for the eight stores, the company wants to begin employing them to speed up the receiving process at stores and conduct inventory. The firm is presently testing Motorola handhelds that work in the 865 to 867 MHz UHF frequency band, sanctioned for RFID use in India.

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